PROVINCE OF SASKATCHEWAN

11-12

ANNUAL REPORT

GLOBAL TRANSPORTATION
HUB AUTHORITY

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Letters of Transmittal

July, 2012

Her Honour, The Honourable Vaughn Solomon Schofield
Lieutenant Governor, Province of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Global Transportation Hub Authority (GTHA) for the fiscal year ending March 31, 2012.

The Global Transportation Hub is one of the most important economic development initiatives of the Province of Saskatchewan. Through the attraction of new investment and the provision of enhanced global supply chains for Saskatchewan importers and exporters, the GTH is serving to fuel the continued growth and strength of our economy. The GTH is in fact, "Saskatchewan's Gateway to the World."

The purpose of the GTH is to build a transportation and logistics enterprise that enhances Saskatchewan's role in both the Asia Pacific corridor and the western Canadian transportation network. The GTH has already created significant job opportunities and has attracted major private-sector investment.

Directly and indirectly, significant new benefits are accruing to the province from the GTH, including new job and career opportunities for Saskatchewan people. Hundreds of new jobs in manufacturing, transportation, warehousing and distribution, as well as new professional career opportunities are unfolding in global logistics and supply chain management, information technology and quality assurance.

This report details the operation and successes of the GTH within the 2011-12 fiscal year. The report also highlights the activities of the GTH that ensure alignment with the Government of Saskatchewan's direction and commitment to increased accountability and the responsible management of expenditures.

I have reviewed and accept responsibility for this report and offer assurance for the accuracy and reliability of the enclosed information.

Honourable Bill Boyd
Minister Responsible and Chair
of the Global Transportation Hub Authority

Letters of Transmittal

July, 2012

Message from the CEO

The Global Transportation Hub is the lead agency of the Government of Saskatchewan, responsible for planning, developing, constructing and promotion of the 2,000 acre development site.

Working to improve supply chain access and efficiency to maximize Saskatchewan's economic development opportunities, the GTH is an innovative and integrated global transportation and logistics hub that provides a positive investment and operating environment for our clients.

The GTH offers a unique collaborative approach to developing customized solutions for its clients, current and potential. The GTH management team has a strategy to implement the necessary infrastructure and business support functions that make tenants operational within the GTH. We are dedicated to a high standard of service that is responsive to the private sector.

In fact, we are building a blueprint for an industry leading infrastructure designed specifically to facilitate global trade, logistics and integrated supply chain activities. Our goal is to create a business environment that provides each of our clients a distinct competitive advantage.

A part of the success of the GTH to date is its ability to put together a sophisticated and robust development ahead of schedule. As an example, the Loblaw project has grown well beyond its original size and scope. Phase I was originally scheduled to be open in 2017. Instead it was completed and opened in February of 2011. Phase II finished construction in early 2012 and Phase III is scheduled to be complete in the summer of 2012.

While the GTH operates in an extremely competitive environment in western Canada for the development of and the attraction of clients, our economic growth which is among the best in the country, has people focused on Saskatchewan and the GTH, from all parts of Canada and even the world.

The GTH will continue to develop as an organization, which focuses on collaboration with key partners and clients. It will focus on serving as a significant economic and social development initiative for the Province of Saskatchewan.

Chris Dekker,
Interim President and Chief Executive Officer
Global Transportation Hub Authority

Introduction

The annual report of the Global Transportation Hub Authority represents its activities and outcomes for the fiscal year ending March 31, 2012. The GTH has been operating since January 1, 2010.

The 2011-12 Annual Report is only the second annual report based on a full year of operations for the GTH. The report provides an overview, as well as a summary of accomplishments undertaken by the GTH in the current fiscal year.

Announced in December of 2007, as part of the Asia-Pacific Gateway and Corridor Initiative, the Province of Saskatchewan and the Government of Canada signed an agreement that would build a new Canadian Pacific (CP) Intermodal facility (IMF) west of Regina that included road infrastructure upgrades connecting Highways #1 and #11 – two national highway system routes – providing direct access for international trade traffic to the GTH.

In August 2008, Loblaw Companies Ltd., announced plans to build a one million sq. ft. distribution centre in close and strategic proximity to the CP IMF, becoming the anchor client of the GTH.

The GTH is presently in negotiations with the next suite of clients that will enter the GTH footprint. We are committed to developing long-term business relationships that begin with understanding our clients, their business, their supply chain and networks. As our knowledge grows we can identify natural synergies with either existing or prospective clients that can advance supply chain efficiencies.

Our role is to help facilitate and develop trade relationships that can help our clients work close together to understand and explore opportunities; everything from sharing information for improved forecasting through to creating co-location facilities for faster shipments.

Global Transportation Hub Authority
Board of Directors

BOARD OF DIRECTORS

Honourable Bill Boyd, Chairperson – Recently appointed as the Minister of the Economy, he is also the Minister Responsible for SaskPower and the Minister Responsible for the Global Transportation Hub. His mandate is to ensure that economic growth in Saskatchewan continues and that our government is meeting both the challenges and the opportunities of a growing province.

Captain Gordon Houston, Vice-Chairperson – He has been involved in the marine-land transportation business for 48 years, including a 24-year sea-going career which started when he was 16. An authority on port and supply chain logistics, Captain Houston is the former President and CEO of Port Metro Vancouver, where he served for nine years. Prior to his appointment he was the a former Harbour Master for both the Port of Prince Rupert and Vancouver. He was also the Vice-President of Operations at Port Metro. He has worked extensively with Saskatchewan exporters during his tenure.

Ron Dedman – The Deputy Minister of Central Services, a new Saskatchewan government agency to manage government operations including the former departs of Government Services, the Public Service Commission, Information Technology and the Lean Initiative. Mr. Dedman is a professional engineer who brings extensive government and private sector experience to the GTH.

Lionel Labelle – The President and CEO of the Saskatchewan Trade and Export Partnership (STEP), Mr. Labelle has an extensive entrepreneurial background assuming a leadership and ownership role in a cross-section of public and private corporations focused on agribusiness, construction and manufacturing. Prior to joining STEP, he played a proactive role as a strong advocate for the emerging bio-fuel economy both in Saskatchewan and Canada.

Louis Ranger – Mr. Ranger earned his outstanding reputation in Canadian and global transportation issues as the Government of Canada's Deputy Minister of Transportation and Infrastructure over the better part of the last decade. He has more than 30 years experience in the transportation industry and has worked for the federal government in increasingly senior roles related to transportation and infrastructure since 1974.

Mayo Schmidt – Mr. Schmidt is President and CEO of Viterra, one of the largest shippers and integrated agriculture export firms in Canada. Before joining Viterra, he led the reorganization of ConAgra Global Specialty Crops businesses, which employed more than 600 people across the United States and in five international offices. He also held a number of key management positions of increasing responsibility at General Mills Inc., throughout the United States.

Global Transportation Hub Authority Board of Directors

Marcella Szel Q.C. – Former Senior Vice-President of Sales and Marketing for Canadian Pacific (CP), Ms. Szel brings more than 30 years management, corporate and legal experience in the transportation industry to the GTH. Ms. Szel worked for CP from 1977 to 2009, where she held a number of senior positions, including Senior Vice-President of Marketing and Government Affairs, and Vice-President of Strategy, Law and Corporate Secretary. A former Chair of the Western Transportation Advisory Council (WESTAC), she is a director of the Vancouver Fraser Port Authority and a director with Port Metro Vancouver.

The GTH is supported by a collaborative organizational model, which is supported by an experienced management team and the Standing Committee on the Global Transportation Hub, which includes:

Honourable Bill Boyd, Chairperson and Minister Responsible for the GTH;

Laura Ross, MLA, Vice-Chairperson;

Honourable Don McMorris, Minister of Highways; and,

Honourable Lyle Stewart, Minister of Agriculture.

Ministry Overview (Key Accomplishments) in 2011 – 2012

The private sector investment committed to the GTH is now estimated at about $340 million. Anchor clients of the GTH, Loblaw and Canadian Logistics Services (CLS) were the first to open in February of 2011 with Phase I of their development. Phase II construction was completed in early 2012 with the opening of Phase II scheduled for the spring. Loblaw investment to date is estimated at about $250 million, with Phase III – a 100,000 sq. ft. freezer – scheduled for the summer of 2012.

Truck movements in March of 2012 from CLS were estimated at 3,000 per week. Those same trucks cover about 30,000 miles in a 24-hour period. On average – per day – CLS will move about three million pounds of product, which means it handles about 21 million pounds per week and over a billion pounds per year.

Loblaw's one million sq. ft. warehouse and distribution centre has a total of about 280 bay doors and a complete loop of the warehouse is estimated at just over one km. in length.

The GTH Capital Works and Infrastructure Program began in March 2012 and includes construction of sewer, water and roadwork in preparation for private sector client requirements. It is targeted to develop about 425 acres of serviced land within the GTH footprint in 2012 at a cost of about $32.8 million. The project itself will create about 325 direct and indirect jobs. It will form the basis for future stages of development at the GTH site.

Phase I of the West Regina Bypass was completed prior to the end of the 2011-12 fiscal year and includes a new two lane highway from Hwy #1 to Dewdney Avenue and upgrading of Pinkie Road from 25th Avenue to Dewdney Avenue.

The GTH Public Safety and Design Working Group was instrumental in the creation of the GTH Public Safety and Information Campaign which began in mid-January of 2012. The campaign is intended to make motorists and pedestrians aware of increased truck traffic moving in and out of the GTH, from Loblaw and Canadian Logistics Services (CLS). The campaign also focuses on the need for increased attention to safe driving practices. The local public committee includes: Regina Police Service; Royal Canadian Mounted Police (F- Division); Regina Fire Department; Regina Emergency Medical Services; Canadian Pacific (CP) Police; Canadian Border Services Agency; Transport Compliance Branch of the Ministry of Highways and Infrastructure; and Ministry of Corrections, Policing and Public Safety.

Ministry Overview (Key Accomplishments) in 2011 – 2012

In 2011-12, in the area of workforce supply, the GTH developed an education and training working group to address the need for sustainable and qualified employees. The GTH Workforce Development Working Group combined with Advanced Education, Employment and Immigration to complete a Labour Market Needs Study in early 2012. Work has already begun on implementing some of the recommendations. The GTH is also working directly with Canadian Logistics Services (client) to augment their workforce development plans.

GTH personnel began work with CLS in December 2011, to assist in securing a short-term transit solution. Working with CLS and First Canada Bus, employees are able to access a transit service from five shopping mall pick-up and drop-off locations in the city.

Other key accomplishments for 2011-12

- Canadian Pacific (CP) officially announced its $50 million, 300 acre Intermodal Facility (IMF), adjacent to CP's main line between Regina and Moose Jaw, in June 2011. CP executives said the new IMF will further strengthen CP's ability to meet the growing shipping needs of customers and will make Regina a key intermodal location for the company, joining Toronto, Calgary and Vancouver as a major intermodal centre in Canada. By relocating to the GTH, the new terminal will contribute to CP's commitment to further growth and support economic development in the region as well as competitive access to key North American and world markets. Intermodal trains move a wide variety of international and domestic products – ranging from consumer products to auto parts and agricultural specialty crops.

- Yanke Group of Companies and their affiliate, AFI Distribution Group announced a 40-acre project for the GTH in July of 2011. Yanke's total investment in the GTH is valued at up to $20 million and will bring about 40 new jobs to the GTH. Yanke's plan for development encompasses a yard for intermodal and over the road, truck and trailer operations, along with expansion of AFI services which include refrigerated warehousing and transportation. Yanke will also develop a storage yard for containers to facilitate supply and fluidity for shippers, with additions to include a transload bulk or bagged operation to compliment the needs for Saskatchewan-type commodities and a refrigerated warehouse facility that will service current clients, as well as many other local and international food producers and distributors.

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying financial statements of the Global Transportation Hub Authority, which comprise the statement of financial position as at March 31, 2012, and the statement of revenues, expenses, and changes in net assets, and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Global Transportation Hub Authority as at March 31, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte & Touche LLP
Chartered Accountants

July 3, 2012
Regina, Saskatchewan

Member de / Member of Deloitte Touche Tohmatsu

2011 - 2012 Financial Overview

Statement 1

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at March 31, 2012
(thousands of dollars)

	2012 Actual	2011 Actual
Financial Assets		
Cash	$ 2,994	$ 3,815
Accounts Receivable	405	153
	3,399	3,968
Liabilities		
Accounts Payable	2,611	170
Net Financial Assets	788	3,798
Non-Financial Assets		
Prepaid Expenses	35	-
Tangible Capital Assets (Note 8)	10	26
Accumulated Surplus (Statement 2)	**$ 833**	**$ 3,824**

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD

..... Chairman, Finance & Audit Committee

..... Acting Chief Financial Officer

2011 - 2012 Financial Overview

Statement 2

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN ACCUMULATED SURPLUS
For the Year Ending March 31, 2012
(thousands of dollars)

	2012 Budget Unaudited (Note 3)	2012 Actual	2011 Actual
Revenue			
Land Development Fees (Note 7)	$ 11,220	$ 1,695	$ -
Other Revenue	431	351	83
	11,651	2,046	83
Expenses			
Land and Development Costs	8,980	1,995	54
Professional Services	700	1,392	796
Operating Expenses	1,819	1,650	995
	11,499	5,037	1,845
Annual (Deficit) / Surplus	**152**	**(2,991)**	**(1,762)**
Accumulated Surplus, beginning of year	5,653	3,824	5,586
Accumulated Surplus, end of year (Statement 1)	$ 5,805	$ 833	$ 3,824

(See accompanying notes to the financial statements)

2011 - 2012 Financial Overview

Statement 3

GLOBAL TRANSPORTATION HUB AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ending March 31, 2012
(thousands of dollars)

	2012 Actual	2011 Actual
Cash Provided by Operating Activities:		
Cash Receipts From Land Development Fees	$ 1,660	$ -
Cash Receipts From Other Revenue	40	33
Cash Receipts From Unearned Revenue	55	-
Cash Paid For Prepaid Expenses	(35)	-
Cash Paid For Land and Development	(1)	(202)
Cash Paid For Leasehold Improvements	-	(12)
Cash Paid For Professional Services	(1,211)	(807)
Cash Paid For Operating Expenses	(1,329)	(1,037)
Cash Provided by Operating Activities:	(821)	(2,025)
Cash, beginning of year	3,815	5,840
Cash, end of year	**$ 2,994**	**$ 3,815**

(See accompanying notes to the financial statements)

2011 - 2012 Financial Overview

Global Transportation Hub Authority
Notes to the Financial Statements
As at March 31, 2012

1. **Status of Global Transportation Hub Authority**

The Global Transportation Hub Authority (GTHA) was established as a Treasury Board Crown corporation by Order in Council 492/2009 dated June 24, 2009.

The GTHA holds a mandate to advise on, plan, develop, construct, operate, manage, and promote Saskatchewan's Global Transportation Hub in a manner that:

- creates an investment and operating environment for business that is secure, efficient, coordinated, and orderly; and,
- is consistent with the social and economic development of the province.

2. **Significant Accounting Policies**

Pursuant to standards established by the Public Sector Accounting Board, the GTHA is classified as an other government organization. These financial statements are prepared using Canadian public sector accounting standards. The Statement of Change in Net Financial Assets has not been prepared as the information is readily apparent from the financial statements.

The following policies are considered significant:

a) Revenue

Land development fee revenue received by the GTHA for specific purposes is recognized as revenue in the year in which the related expenses are incurred. Interest and other revenue is recognized as revenue in the year it is earned. Grant revenues are recognized when authorized and any eligibility criteria are met.

b) Expenses

Expenses represent the cost of resources consumed during the year.

c) Tangible Capital Assets

Leasehold improvements are amortized over the remaining lease period.

d) Pensions

GTHA employees participate in the Public Employees' Pension Plan (PEPP) which is a defined contribution pension plan. GTHA follows defined contribution plan accounting for its participation in the plan. Accordingly, the GTHA expenses all contributions it is required to make in the year.

Global Transportation Hub Authority
Notes to the Financial Statements
As at March 31, 2012

e) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the Statement of Revenue, Expenses and Changes in Net Assets in the period in which they become known.

f) New Standards Not Yet Adopted

A number of new standards and amendments to standards which may impact the GTHA, are not yet effective for the year ended March 31, 2012, and have not been applied in preparing these financial statements. In particular, the following new and amended standards, which become effective for annual periods beginning on or after April 1, 2012 are:

PS 3410, Government Transfers
PS 3450, Financial Instruments
PS 1201, Financial Statement Presentation
PS 3800, Government Assistance
PS 3260, Liability for Contaminated Sites

The extent of the impact on adoption of these standards is not known at this time.

3. Budget Approval

The budget figures are presented for comparison purposes. The GTHA's budget was approved by the Board of Directors on November 30, 2010.

4. Related Parties

These financial statements include routine transactions with related parties. GTHA is related to all Saskatchewan Crown agencies such as ministries, corporations, boards and commissions under the common control of the Government of Saskatchewan.

The Ministry of Highways and Infrastructure provided management and administrative services and the Information Technology Office provided information technology services to GTHA in 2011-12 under Service Level Agreements.

Global Transportation Hub Authority
Notes to the Financial Statements
As at March 31, 2012

Related party transactions to March 31, 2012 include the following:

Related Parties	(thousands of dollars)	
Expense	**2012**	2011
Ministry of Highways and Infrastructure	$ 662	$ 126
Ministry of Government Services	190	114
Information Technology Office	47	26
Minstry of Energy and Resources	35	-
SaskPower	1,500	53
SaskTel	13	10
Total	$ 2,447	$ 329

Revenue	**2012**	2011
SaskTel	$ 95	$ -

Accounts Receivable	**2012**	2011
Ministry of Highways and Infrastructure	$ 4	$ 103
SaskTel	85	-
ITO	5	-
Total	$ 94	$ 103

Accounts Payable	**2012**	2011
Ministry of Highways and Infrastructure	$ 489	$ 3
Board of Directors	-	6
Government Services	75	-
Information Technology Office	-	4
Ministry of Energy & Resources	16	22
SaskPower	1,500	-
Total	$ 2,080	$ 35

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto. Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, GTHA pays Provincial Sales Tax on all its taxable purchases.

5. Financial Instruments

GTHA financial instruments include cash, accounts receivable and accounts payable. The carrying amount of these instruments approximates fair value due to their short-term nature. These instruments have no material interest or credit risk.

Global Transportation Hub Authority
Notes to the Financial Statements
As at March 31, 2012

6. Contractual Obligations

Contractual obligations include (thousands of dollars):

	2012	2011
ASL Paving	$ 21,092	$ -
ATCO	84	-
Government Services	77	177
Personal Services	81	25
Dialog	23	-
Other	-	253
Total	$ 21,357	$ 455

Contractual obligations do not include those contracts which are paid on a usage basis.

7. Land Development Fees

The GTHA received these fees in 2011-12 pursuant to agreements with external parties.

8. Tangible Capital Assets

The GTHA has Tangible Capital Assets in the form of Leasehold Improvements which are amortized over the lease period.

(thousands of dollars)

Fiscal Year	Net Book Value Beginning of Year	Cost Beginning of Year	Additions Current Year	Cost End of Year	Accumulated Amortization Beginning of Year	Amortization Current Year	Accumulated Amortization End of Year	Net Book Value End of Year
2011-12	$ 26	$ 46	$ -	$ 46	$ 20	$ 16	$ 36	$ 10

9. Pension Contributions (thousands of dollars):

During the year, GTHA contributed $28 (2010-11 - $13) to the plan.

Notes

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